
GRAND
UNION
Annual Report
1985

Grand Union is proud to be one of a handful of major companies to serve as an Official Sponsor of the Statue of Liberty restoration.

"Only the best... nothing less!"

CONTENTS

THE GRAND UNION COMPANY

FINANCIAL HIGHLIGHTS

	52 WEEKS ENDED MARCH 29, 1986	52 WEEKS ENDED MARCH 30, 1985
Sales	$2,611,616,000	$2,529,392,000
Income before income taxes	$ 31,093,000	$ 7,608,000
Net income	$ 20,493,000	$ 5,328,000
Working capital	$ 69,407,000	$ 82,678,000
Ratio of current assets to current liabilities	1.31 to 1	1.39 to 1
Number of stores	371	383

Delicious meats and fine cheeses highlight the Corner Deli.

CHAIRMAN'S LETTER

The year 1985 marked major achievements for our company as net income increased 284 percent to $20,493,000 from the prior year's $5,328,000.

Results for fiscal 1985 are after a pretax charge to income of $7,580,000, reflecting an adjustment to the 1983 reserve for store closure. The reserve was originally created as part of a major corporate restructuring. The adjustment this year became necessary because of greater than anticipated insurance and occupancy costs incurred in the process of disposing of the company's former Texas, Florida and Washington operations. We do not anticipate any major store closure programs in the future.

Sales for fiscal 1985 increased 3.2 percent from $2,529,392,000 in the prior fiscal year to $2,611,616,000 in the current year. These sales were generated on a store base of 371 units, down 12 units from 1984. On a comparable basis, our sales increased 4.1 percent, and this was during a period of relatively flat food price inflation.

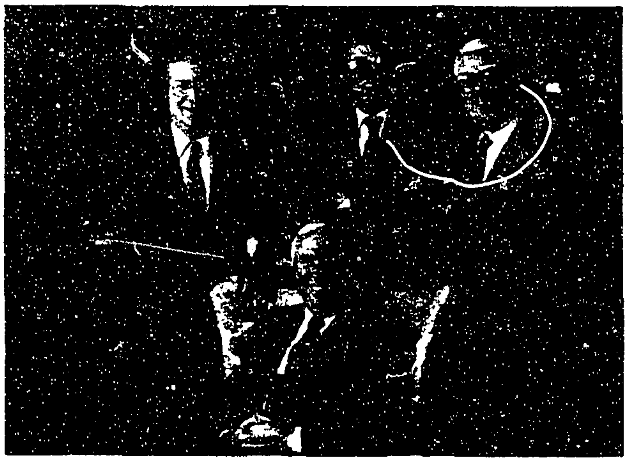
We were especially encouraged by the sales and earnings growth during the year. Clearly, we are on the right track.

While there are many reasons for our growth, chief among them is our aggressive commitment and deployment of capital funds. Capital reinvestments have dramatically improved the appearance of our stores as well as the scope and quality of our product offerings.

The year saw major capital improvements made in 41 stores with service department upgrades in 200 stores. The dollar commitment was large, over $46,000,000, but the results are already gratifying.

We are optimistic about future growth and earnings based upon our performance for the year just ended. We project a spiraling increase in sales based on our commitment to the highest quality and widest variety of products, particularly in the produce, deli and bakery departments. Some of the improvements recently achieved include more stringent specifications for initial product selection and inspection, modernization of our trucking and distribution systems, and improved store handling procedures. We intend to maintain this priority for quality improvement throughout all layers of the company.

Our merchandise upgrade program, already well underway, will continue to positively impact both sales and margins. We have improved our variety...salad bars, juice machines, hot soups, fruits and vegetables from around the world, natural beef, in-store bakeries, cheese cases, bulk food and general merchandise...as



The company's top executives are, from left, Joseph J. McCaig, President and Chief Operating Officer; Floyd Hall, seated, Chairman of the Board and Chief Executive Officer; William A. Louttit, Executive Vice President, Merchandising, and Henry T. Johnson, Executive Vice President and Chief Administrative Officer.

well as reallocated grocery space, enabling us to put more emphasis on growth categories. Individually and collectively, we are now in tempo with our customers' desires. We will continue to upgrade our quality standards, as well as respond to changes in food consumption, to insure that we always offer our customers only the best...nothing less.

We have committed $250 million to a three-year capital improvement program. In addition to opening 30 to 40 new stores over this period, a large portion of the funds will be devoted to converting, expanding and renovating existing stores. Within the next three years, the bulk of our existing stores will be transformed to one of our five prototypes, each designed to serve a different market, and thereby generate an excellent return on investment. We are confident that this major financial commitment will significantly impact operating results in the years ahead. In fiscal 1986 alone, we will spend $75 million on capital development.

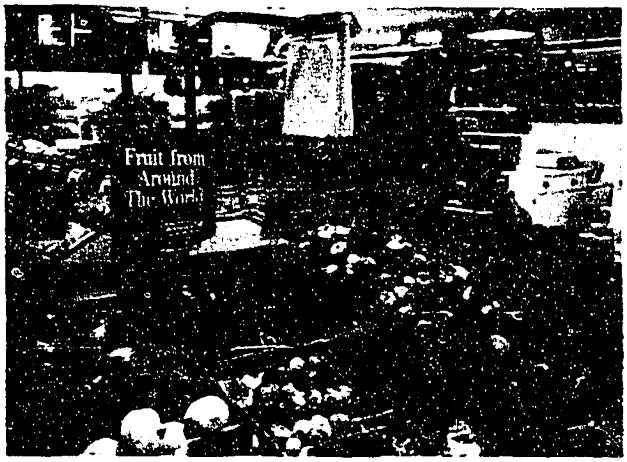
Plans are in progress for relocating the company's corporate headquarters to Wayne, N.J. This carefully considered move will mean that for the first time in 30 years all of our headquarters functions will be grouped together, resulting in increased home office efficiency and effectiveness.

The past 18 months have been a period of special pride for the entire Grand Union/Big Star Family. When President Reagan rekindled the torch on the Statue of Liberty during its official unveiling, we were represented as one of only a handful of companies across the nation, and the only supermarket chain, to be an Official Sponsor of this truly patriotic effort. Together, Grand Union and its associates contributed more than $1,250,000 toward the renovation of this very important symbol of our freedom.

The forward momentum achieved in 1985 would have not been attainable without the dedicated support and involvement of our 22,000 associates. To all of you, my personal thanks for a job well done. In this, our 114th year, I know the commitment to excellence so aptly demonstrated this year will be the catalyst to continued sales and earnings growth.

Sincerely,

Floyd Hall
Chairman of the Board and
Chief Executive Officer
July 25, 1986



Fruits and vegetables are brought into our stores from around the world to give our customers the very finest selection.

"Not only are people serving and enjoying fresh fruits and vegetables more than ever before, they are trying new and unusual varieties."

REVIEW OF OPERATIONS

During the past year, we made dramatic progress in repositioning ourselves despite strong competition. Looking back over 1985, it is evident that better product quality, assortment, value and service have strengthened customer appeal and broadened our customer base. This upgrading has been carefully planned to strengthen Grand Union and Big Star's appeal in today's marketplace.

MERCHANDISING EFFORTS

Working women, higher educational levels, increased travel and more disposable income make today's consumer more demanding in terms of service, convenience and quality. All of these factors have impacted our merchandising strategy.

Responding to today's consumers' desire for more natural and healthful foods, a greater variety of foods, and more convenience foods, Grand Union has expanded the variety of products it carries and has introduced many new products and services which have influenced our customers' perception of us as the place to shop for quality, selection and value.

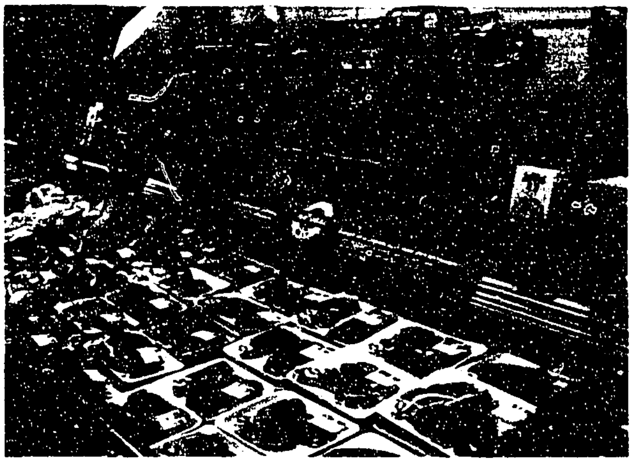
Research shows that the primary reason for selecting a supermarket is the quality and breadth of selection available in the produce department. In this area, Grand Union has positioned itself second to none. Buyers select only the best of each item being harvested at any given time anywhere in the world. Each item selected must be flavorful, fresh and possess eye-appeal. Produce failing any one of these tests is not sold in our stores.

While much of our produce is obtained from Florida, California and the Northeast, as well as locally when in season, we also import produce which is either out-of-season or not available domestically. This gives added dimension to the produce program. We have developed our own product specifications, more rigid than those of the U.S. Department of Agriculture, and, if anywhere along the distribution system an item falls short of meeting these specifications, it is not placed on our shelves.

Responding to increased awareness of the many potentially harmful additives used in food handling and processing, we do not use sulfites to preserve freshness and we have greatly expanded our offering of natural and healthful foods. Salt-free, sugar-free and all-natural products now claim an increasingly important portion of our product mix. Of particular interest is the introduction of natural beef into 300 stores. This beef, from medication-free cattle raised in a chemical-free environment without any artificial additives or growth stimulants in the feed, has been well received by our customers. In a period when beef consumption is declin-

Kiwis, gooseberries, cherimoya, fiddleheads, radicchio, jicama, white asparagus, kohlrabi, fava beans and oyster mushrooms are just a few of our fruits and vegetables from around the world.


1985



Natural beef, grown in the healthy and clean environment of the Colorado Rockies, is sold in 300 Grand Union and Big Star stores

"We led the way in the supermarket retailing of all natural beef and free range chickens."

ing, the sale of natural beef is increasing, indicating that we are offering the right product at the right time.

Extensive store testing indicates that customers are looking for more than cold cuts and potato salad in the deli department. Response to the introduction of gourmet delis, offering specialty meats, gourmet salads, top-quality hot foods, soups, sandwiches, soda fountains and party platters has been overwhelmingly positive.

Taste and freshness are the hallmarks of our successful in-store bakeries. We began offering a tasty assortment of traditional bread and rolls; we have since added crusty bread and rolls, a full line of European rolls and breads, croissants and high-top and lattice pies to our daily assortment. Because of tremendous customer appeal, we will add bakeries to all stores where demographic considerations and space allow.

Health-conscious Americans have been turning to poultry, fish and seafood as their main source of protein. Convenience poultry items and fresh turkey and turkey parts now command a greater proportion of meat case space. Additionally, we are selectively introducing free-range chickens to complement our exclusive offering of natural beef. Today's Catch boasts a broad selection of live fish, live lobster, live shellfish and U.S. Department of Commerce inspected Grade A fresh seafood, as well as chilled and packaged products, ready-to-eat salads and ready-to-cook specialty items. Most competitors sell previously frozen fish and few, if any, are U.S.D.C. inspected. Once again, we are unique. We offer our customers the right items at the right time at the right price.

Natural beef and free range chickens are raised without chemicals, artificial additives and growth stimulants.

With convenience playing an increasingly important role to the consumer, general merchandise lines have been selectively expanded. Many stores now offer VCR tape rentals and blank tapes, greeting cards, photofinishing and extensive housewares.

PREPARING FOR THE FUTURE

Over the past year, the Real Estate and Development Department refined a comprehensive store prototype system that will better enable us to select the appropriate store for each trade area we serve. The prototype concept is enabling us to further customize product mix, with the end result of allowing us to more completely satisfy customer desires.

To start with, five prototypes were defined. A Food Center (greater than 50,000 square feet) with expanded specialty/service departments. Three different sized Food Markets (from 36,000 to 44,000 square feet) featuring a complete range of specialty/service departments. And a Community Store (26,000 square feet) with a small representation of specialty/service departments. All five prototypes are designed to position us for the

Our Today's Catch Department, manned by knowledgeable people, features more than 40 different types of seafood

"Fresh fish and shellfish are the best fish and shellfish. If it's not fresh, it's not good enough for us to sell."

Red snapper, brook trout, salmon and swordfish steaks, lobster, blue crab, clams, mussels and oysters...fresh from Today's Catch.

future and complement our existing portfolio of traditional supermarkets.

Prototypes enable us to more precisely meet customer needs in each specific trade area, whether they are in the areas of produce, deli, bakery, meat, fresh fish or frozen food. Prototype specifications are constantly being upgraded as new ideas are successfully tested or as new, more efficient equipment becomes available.

Last year, we spent more than $46,000,000 in capital improvement programs designed primarily to strengthen our produce operations as well as some of our specialty departments.

As reported in the Chairman's Letter, $250 million has been allocated to capital improvement over the next three years with $75 million allotted for fiscal 1986 alone. We are especially targeting the New York, New Jersey, Vermont and Atlanta, Georgia, markets for development. In these areas, we have identified some 35 locations for future new store development. When reviewing last year's positive improvement on a store-by-store basis, the figures reveal larger increases in stores funded for capital improvement, proof that the prototype models are a success.

In addition to the company's commitment to develop new locations, a strong emphasis has been placed on upgrading existing stores within their present confines, many of which can also be expanded by 10,000 to 15,000 square feet at very favorable occupancy rates.

This aggressive capital improvement program will significantly improve the sales and profit potential of every store in our company.

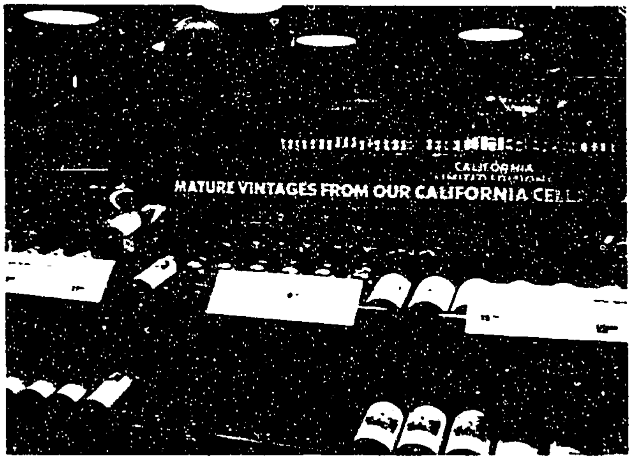
TAKING OUR MESSAGE TO THE CUSTOMER

The right item at the right time in the right place at the right price...we've got it all. The challenge is to convey this message to millions of potential customers. In addition to standard methods of promotion—newspaper, rotos, circulars and television—mostly item/price advertising, 1985 saw us boldly forge in a new direction for the supermarket industry—image advertising. Everything about our stores says "hot"—"new"—"fresh"—"natural." We have a powerful message to convey to millions of television viewers.

Continued use of Consumer Price Finder booklets reinforces our low price image, as does the Red Dot Price Finder for Specials.

Intensified use of co-op funds provides high visibility for national brands and reinforces our national brand/low price image.

Usually used to convey only item and price information, our in-store signage has been redesigned to provide more useful information. "New", "First of the Season", and "Locally Grown" are just some of the signs now being used to show customers we care.



These mature vintages from our Napa Valley cellar are a feature of the fine selection of California wines in our wine departments

"Without our special commitment to purchase and cellar a robust selection of California wines, these vintages would be difficult to find."

CUSTOMER INPUT

While market studies can keep us abreast of emerging and changing trends, no broad survey can be specific enough to pinpoint local conditions. In order to be more sensitive to local needs, we have started to establish Consumer Advisory Boards throughout our operating areas. Fourteen boards are operating to date, and 25 more are projected for the coming year.

Customer response has been phenomenal. Each meeting has generated a combination of positive and negative comments, but each has, without exception, resulted in our making some immediate adjustments in merchandising and operations practices.

In areas where Consumer Advisory Boards have not yet been established, customer service telephone lines enable us to react quickly to customer needs. Responding to customer comments, whether positive or negative, is a top management priority, for it represents a tangible way in which we can earn customer trust and loyalty.

CORPORATE CITIZENSHIP

From deep involvement with charitable organizations, such as the United Way, to active participation in the development of local food banks to help the hungry, we are committed to being a visible, positive force in the communities we serve. The company continues to exert a leadership role in championing fair and positive consumer-oriented legislation. The development of a positive image beyond the confines of our stores visibly reaffirms our commitment to value and service.

As further evidence of our community involvement, we are proud to be one of 20 major companies serving as Official Sponsors of the restoration of The Statue of Liberty. Since there is no government funding, business and community must accept responsibility for saving this symbol of American freedom. Because we are proud of our American heritage and because of our representation in communities throughout our broad geographic operating area, we are donating $1,250,000 toward the restoration of this national landmark.

Imported cheeses from The Taste Place are the perfect complement to these fine wines, perfectly aged and ready to enjoy

1985—A YEAR OF PREPARATION

We look forward to the coming year and beyond with a feeling of excitement as we capitalize on the progress achieved during 1985. Refined merchandising and development strategies lay the groundwork for increasing the average sales per customer. Result: increased sales, increased profits. Innovative marketing techniques also lay the groundwork for broadening our customer base. Result: increased sales, increased profits. Our commitment, most assuredly, will result in excellent growth in the years ahead and will make us *the* place to shop for quality, selection and value.

CONSOLIDATED STATEMENT OF INCOME

	52 WEEKS ENDED		
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984
		(in thousands)	
Sales	$2,611,616	$2,529,392	$3,438,848
Cost of sales	(2,014,029)	(1,960,313)	(2,725,180)
Gross profit	597,587	569,079	713,668
Operating, administrative and general expense	(543,460)	(544,269)	(777,186)
Operating income (loss)	54,127	24,810	(63,518)
Interest expense:			
Debt	(7,077)	(8,048)	(14,488)
Capital lease obligations	(11,126)	(10,910)	(10,280)
Interest and other income	2,749	1,756	3,046
Income (loss) before provision for 1983 store closure program and income taxes	38,673	7,608	(85,240)
Provision for 1983 store closure program	(7,580)	—	(45,000)
Income (loss) before income taxes	31,093	7,608	(130,240)
Income tax (provision) benefit	(10,600)	(2,280)	15,000
Net income (loss)	$ 20,493	$ 5,328	$ (115,240)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	MARCH 29, 1986	MARCH 30, 1985
	(in thousands)	
ASSETS		
Current assets:		
Cash	$ 15,450	$ 3,405
Temporary cash investments	38,216	28,037
Receivables, net, including amounts due from related parties	18,957	26,071
Inventories	189,294	195,023
Prepaid income taxes	18,798	24,547
Prepaid expenses and operating supplies	7,188	7,990
Properties held for sale	6,464	7,435
Total current assets	294,367	292,508
Property, net	280,921	274,661
Cost in excess of net assets acquired	9,787	10,066
Other assets	7,029	8,296
	$592,104	$585,531
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 21,631	$ 5,473
Accounts payable and accrued liabilities	199,473	201,496
Income taxes payable	3,856	2,861
Total current liabilities	224,960	209,830
Long-term debt	47,882	68,821
Capital lease obligations	97,878	101,053
Deferred income taxes	12,662	23,982
Deferred pension obligations	10,875	12,425
Other liabilities	34,884	26,950
	429,141	443,061
Commitments and contingencies		
Stockholder's equity:		
Common stock, $50,000 par value; authorized 900 shares; issued and outstanding 801.5 shares	40,077	40,077
Additional paid-in capital	106,188	106,188
Retained earnings (deficit)	16,698	(3,795)
Total stockholder's equity	162,963	142,470
	$592,104	$585,531

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	52 WEEKS ENDED		
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984
		(in thousands)	
OPERATING ACTIVITIES:			
Net income (loss)	$ 20,493	$ 5,328	$(115,240)
Noncash charges to income:			
Depreciation and amortization	33,765	33,959	44,993
Deferred income taxes	(11,320)	(574)	—
Cash provided by (used for) operations	42,938	38,713	(70,247)
Cash provided by other operating items:			
Receivables	7,114	4,408	25,214
Inventories	5,729	(15,126)	69,220
Prepaid income taxes	5,749	(1,459)	—
Prepaid expenses and operating supplies	802	768	8,734
Accounts payable and accrued liabilities	452	(11,033)	(50,172)
Income taxes payable	995	2,861	—
Cash provided by (used for) operating activities	63,779	19,132	(17,251)
FINANCING ACTIVITIES:			
Financing obtained:			
Capital lease obligations	499	6,877	13,000
Issuance of common stock	—	—	45,000
Other liabilities	5,350	906	12,289
Financing discharged:			
Short-term debt	—	—	(24,000)
Long-term debt	(5,177)	(19,781)	(20,276)
Capital lease obligations	(3,566)	(3,077)	(28,251)
Redemption of preferred stock	—	—	(1,018)
Net cash provided by (used for) financing activities	(2,894)	(15,075)	(3,256)
Dividends	—	—	(46)
Cash available for investment	60,885	4,057	(20,553)
INVESTMENT ACTIVITIES:			
Capital expenditures including capitalized leases of $546, $6,094 and $13,389	46,266	39,068	83,249
Disposals of property	(7,797)	(20,287)	(127,358)
Other	192	(2,738)	(2,157)
Net cash used for (provided by) investment activities	38,661	16,043	(46,266)
Increase (decrease) in cash and temporary cash investments	$ 22,224	$(11,986)	$ 25,713

See accompanying notes to the consolidated financial statements.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The Company is a wholly-owned subsidiary of Cavenham (USA) Inc. ("Cavenham (USA)") which in turn is a wholly-owned subsidiary of Cavenham Holdings Inc. ("Holdings"). The significant accounting policies affecting the Company's financial statements are summarized below:

Fiscal Year. The Company's fiscal year ends on the Saturday nearest the last day of March. Fiscal 1985, 1984 and 1983 ended on March 29, 1986, March 30, 1985 and March 31, 1984, respectively, and included 52 weeks.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated.

Inventory Valuation. Inventories are valued at the lower of first-in, first-out cost or market, cost being determined using the retail method for store inventories and the average cost method for warehouse and other inventories.

Property. Properties held under capital leases are capitalized net of any gains on sale leaseback transactions and are amortized on a straight line basis over the life of the lease. Depreciation on owned property is computed principally on a straight line basis over the useful life of related assets. Leasehold improvements are amortized over the shorter of the terms of the lease or estimated useful life. Properties held for sale are recorded at the lower of cost or estimated net realizable value.

Pre-Opening Costs. Store pre-opening costs are charged to expense as incurred.

Cost in Excess of Net Assets Acquired. Cost in excess of net assets acquired is amortized on a straight line basis over forty years.

Income Taxes. The results of the Company are included in consolidated federal income tax returns filed by Holdings. Prior to fiscal 1984 the Company's federal income tax provision was computed on a separate company basis adjusted in accordance with the terms of a tax sharing agreement with Holdings. In fiscal 1985 and 1984 the Company's income tax provision was computed as though it filed separate federal and state income tax returns. Investment tax credits are recognized in the year the related assets are placed in service.

Pension Plans. The Company maintains noncontributory, trusteed pension plans covering eligible employees and a supplemental nonqualified, nontrusteed plan for certain executives. The Company's policy is to fund pension costs accrued. Pension expense for these plans consists of normal cost plus amortization of past service cost over periods not to exceed forty years, less amortization of deferred pension obligations arising from acquisitions over a fourteen year period.

NOTE 2 STORE CLOSURE PROGRAM

Under an agreement with Holdings which was terminated during fiscal 1985, the Company, in consideration of the grant of development rights with respect to certain properties, received payments from Holdings equal to any net losses and other costs incurred in connection with the closure of 222 retail stores. The termination agreement provides a) that accrued and unpaid closure costs of up to $4.0 million will be paid to the Company as such costs are paid by the Company (of which $2.0 million remains available at March 29, 1986); and b) that the Company grants to Holdings an option exercisable during the five year period ending June 29, 1990 to acquire, at book value, any or all of four Company properties to which Holdings held development rights under the original agreement. Closure costs totaled $3,013,000, $5,020,000 and $3,347,000 for the three years ended March 29, 1986, March 30, 1985 and March 31, 1984, respectively, reduced by profits of certain stores covered by the agreement, which are still operating, of $403,000, $694,000 and $548,000. These costs and revenues have been reduced in the accompanying Consolidated Statement of Income by net reimbursable amounts from Holdings of $2,610,000, $4,326,000 and $2,799,000.

During fiscal 1983 the Company established a provision of $45,000,000 for the closure of 49 stores, and for the disposal of its Weingarten (Texas), Florida and Eastern (Washington) regions aggregating 160 stores. In fiscal 1985 an additional provision of $7,580,000 was recorded as an adjustment to the 1983 closure provision to reflect increased insurance costs and additional estimated occupancy costs on certain previously closed store and warehouse facilities.

NOTE 3 PROPERTY

Property, at cost, consists of the following:

	MARCH 29, 1986	MARCH 30, 1985
	(in thousands)	
Property owned:		
Land	$ 9,285	$ 8,253
Buildings	14,195	12,101
Fixtures and equipment	252,089	231,037
Leasehold improvements	93,952	84,344
	369,521	335,735
Less: accumulated depreciation and amortization	167,411	145,044
Property owned, net	202,110	190,691
Property leased:		
Land and buildings	100,504	103,386
Fixtures and equipment	3,652	4,603
	104,156	107,989
Less: accumulated amortization	25,345	24,019
Property leased, net	78,811	83,970
Property, net	$280,921	$274,661

NOTE 4 INCOME TAXES

During fiscal 1983 the Company recorded tax carryback benefits, in accordance with a tax sharing agreement. Under the terms of the agreement there are no additional tax carrybacks or carryforwards available to the Company relating to results of operations prior to fiscal 1984.

Upon mutual agreement the Company and Holdings elected to terminate the tax sharing agreement as of April 1, 1984. At that time it was the intention of the Company and Holdings that the Company provide and pay Federal income taxes on the basis of an effective rate as agreed to by the companies. Accordingly, prepaid and deferred Federal income taxes were eliminated at March 31, 1984 (fiscal 1983). During fiscal 1984 the Company and Holdings agreed that the Company would provide for its Federal income taxes as if it filed a separate company tax return. Accordingly, the prepaid and deferred tax balances previously eliminated were restored as of March 30, 1985.

The components of the provision (benefit) for income taxes, including the elimination in fiscal 1983 and restoration in fiscal 1984 of prepaid and deferred income tax balances, are as follows:

	52 WEEKS ENDED		
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984
	(in thousands)		
Federal income taxes:			
Currently payable (receivable)	$ 3,878	$ 2,125	$(15,000)
Deferred, resulting from:			
Excess of tax over book depreciation	3,140	30,535	(26,846)
Unfunded pension liability	(198)	(7,477)	8,903
Accrued insurance	2,459	(9,929)	6,489
Deferred gains on sale/leaseback transactions	173	(3,166)	3,658
Compensated absence liability	—	(2,542)	2,542
Property and other taxes	(719)	(1,484)	2,053
Pension expense	23	(2,539)	1,922
Store closure provision	(210)	(4,206)	1,983
Unearned promotional allowances	1 463	(593)	214
Other	(909)	476	(918)
State income taxes	1,500	1,080	—
Total income tax provision (benefit)	$10,600	$ 2,280	$(15,000)

The reconciliation of the provision (benefit) for income taxes computed at the federal statutory rate to the reported provision (benefit) for income taxes is as follows:

	52 WEEKS ENDED		
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984
	(in thousands)		
Provision (benefit) computed at federal statutory tax rate	$14,303	$ 3,500	$(59,910)
Increase (decrease) in the provision resulting from:			
Amount in excess of available carryback	—	—	44,910
Investment tax credit	(3,256)	(1,012)	—
State and local taxes, net of federal tax benefits	810	583	—
Realization of foreign source losses	(1,108)	(1,614)	—
Amortization of goodwill and debt discount	313	310	—
Other	(462)	513	—
Total income tax provision (benefit)	$10,600	$ 2,280	$(15,000)

NOTE 5 DEBT

Debt consists of the following:

	MARCH 29, 1986	MARCH 30, 1985
	(in thousands)	
8.95% Promissory Note	$40,000	$45,000
Credit agreement with a bank, floating interest rate (10% at March 29, 1986), due 1987	15,000	15,000
9½% Debentures, due 1991, less unamortized discount of $1,667,000 and $1,967,000	8,514	8,214
7¼% Subordinate Cumulative Income Debentures, due 1987, less unamortized discount of $108,000 and $193,000	3,407	3,423
8% Debentures, due 1996, less unamortized discount of $98,000 and $109,000	2,121	2,110
Mortgages, interest at 6½% to 9%	471	547
	69,513	74,294
Less: current portion of long-term debt	21,631	5,473
Long-term debt	$47,882	$68,821

The 8.95% Promissory Note agreement requires annual repayments of $6,150,000 from 1986 through 1991 and $3,100,000 in 1992.

In May, 1986, the $15,000,000 credit agreement was prepaid and, accordingly is classified as current.

During fiscal 1983, the Company acquired $10,200,000 principal amount of its 8% Sinking Fund Debentures due 1996 in exchange for an equivalent amount of 9½% Debentures due 1991 resulting in a gain of $1,952,000 from the exchange. In connection with the exchange, sinking fund requirements and certain restrictions on the incurrence of long-term debt were eliminated.

The 7¼% Subordinate Cumulative Income Debentures require quarterly purchase fund payments of the lesser of $100,000, or the amount of debentures tendered quarterly by debenture holders, through fiscal 1986. The balance is payable in June 1987.

In connection with certain loan agreement limitations the Company was unable to declare dividends as of March 29, 1986.

Maturities of long-term debt over the next five years are $6,631,000, $9,579,000, $6,186,000, $6,190,000 and $6,150,000, respectively.

The Company has lines of credit with a number of banks totalling $49,000,000 of which $44,000,000 is extended on a committed basis. The Company has informal arrangements with banks providing that compensation for committed lines of credit will be in the form of fees of ⅜ of 1% of the committed line, or through maintenance of average annual compensating balances as shown by the books of the banks ranging from 5% to 7.5% of the committed line.

NOTE 6 RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Receivables consist of the following:

	MARCH 29, 1986	MARCH 30, 1985
	(in thousands)	
Trade and other receivables	$11,578	$10,858
Less allowance for doubtful accounts	298	276
	11,280	10,582
Due from related parties, inclusive of real estate agreement transactions	7,677	15,489
	$18,957	$26,071

Accounts payable and accrued liabilities consist of the following:

	MARCH 29, 1986	MARCH 30, 1985
	(in thousands)	
Accounts payable	$116,049	$117,934
Accrued liabilities:		
Payroll	23,449	24,531
Closure reserves	5,457	9,284
Taxes other than income taxes	12,861	11,509
Insurance	10,259	8,349
Pension	14,150	14,614
Other	17,248	15,275
	$199,473	$201,496

NOTE 7 PROPERTY LEASES

The Company operates principally in leased stores, distribution facilities and offices, and, in most cases, holds renewal options with varying terms. Many of the leases contain escalation clauses which provide for increased rentals based upon increases in real estate taxes and lessors' operating expenses.

The following is a schedule by year of future minimum payments under capital leases together with the present value of net minimum lease payments as of March 29, 1986:

	(in thousands)
1986	$ 14,262
1987	14,519
1988	14,380
1989	14,574
1990	13,862
Later years	186,974
Total minimum lease payments	258,571
Less: estimated executory costs included in total minimum lease payments	6,079
Net minimum lease payments	252,492
Less: accrued interest	151,127
Present value of net minimum lease payments	101,365
Less: current portion of capital lease obligations	3,487
Capital lease obligations	$ 97,878

The minimum lease payments shown above do not include future minimum sublease rental income of $43,709,000 under non-cancelable subleases or payments for contingent rentals under certain store leases on the basis of sales in excess of stipulated amounts.

The following is a schedule by year of future minimum rental payments, less minimum sublease rental income, under operating leases that have initial lease terms in excess of one year as of March 29, 1986:

	(in thousands)
1986	$ 20,197
1987	19,485
1988	18,420
1989	17,854
1990	17,170
Later years	118,036
Total minimum payments	211,162
Less: sublease rental income	16,440
Net minimum rentals	$194,722

The following schedule shows the composition of total rental expense for all operating leases:

	52 WEEKS ENDED		
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984
	(in thousands)		
Minimum rentals	$21,602	$24,957	$36,730
Contingent rentals	4,322	4,236	6,084
Sublease rental income	(4,761)	(5,146)	(5,757)
	$21,163	$24,047	$37,057

NOTE 8 PENSION PLANS

Pension expense under the Company's pension plans described in Note 1 was $5,502,000, $6,029,000 and $7,496,000 for fiscal 1985, 1984 and 1983, respectively.

A comparison of accumulated plan benefits and plan net assets as of the latest available actuarial valuation dates is as follows:

	APRIL 1, 1985	APRIL 1, 1984
	(in thousands)	
Actuarial present value of accumulated plan benefits		
Vested	$109,180	$120,858
Nonvested	5,912	5,451
	$115,092	$126,309
Plan net assets available for benefits	$127,324	$134,396
Recorded liability for unfunded vested benefits	12,425	15,029
	$139,749	$149,425

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8½% at both April 1, 1985 and April 1, 1984.

On February 7, 1984, the Board of Directors of Grand Union authorized the termination of the J. Weingarten Inc. Pension Plan (the "Plan"), a defined benefit plan, effective March 2, 1984. Approval of the termination was received from the Pension Benefit Guaranty Corporation (PBGC) on September 28, 1984 and from the Internal Revenue Service (IRS) on November 16, 1984. In June 1984 the Plan purchased an annuity contract from an insurance company at a cost of $9,007,000 to provide benefit payments to Plan participants and beneficiaries. The excess of Plan assets over the cost of the annuity contract, amounting to $13,240,000, was refunded to the Company in November 1984 and was credited to the 1983 reserve for store closure.

NOTE 9 POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Company provides substantially all of its full-time non-union employees and several union employee groups with life insurance and health care benefits upon retirement. The health care benefits are not insured and are paid by the Company. These benefits totaled $9,564,000 and $10,213,000 for all employees in fiscal 1985 and 1984, respectively, and are not readily separable between the approximately 9,300 and 9,000 active and 2,800 and 2,000 retired employees covered by the plan in fiscal 1985 and 1984, respectively.

The Company provides life insurance benefits through insurance company contracts whose premiums are based upon benefits paid plus administrative expenses. The cost of the annual premiums, which aggregated $1,126,000 and $945,000 for all employees in fiscal 1985 and 1984, respectively, is not readily separable between the approximately 9,400 and 9,400 active and 2,700 and 2,800 retired employees covered by the plan in fiscal 1985 and 1984, respectively.

NOTE 10 STOCKHOLDER'S EQUITY

Stockholder's equity activity is as follows:

	52 WEEKS ENDED		
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984
	(in thousands)		
Common stock			
Beginning of year	$ 40,077	$ 40,077	$ 31,327
Issuance of common stock	–	–	8,750
End of year	$ 40,077	$ 40,077	$ 40,077
Preferred stock			
Beginning of year	$ –	$ –	$ 1,018
Redemption of preferred stock	–	–	(1,018)
End of year	$ –	$ –	$ –
Additional paid-in capital			
Beginning of year	$106,188	$106,188	$ 69,971
Issuance of common stock	–	–	36,250
Redemption of preferred stock	–	–	(33)
End of year	$106,188	$106,188	$106,188
Retained earnings (deficit):			
Beginning of year	$ (3,795)	$ (9,123)	$106,163
Net income (loss)	20,493	5,328	(115,240)
Preferred cash dividend	–	–	(46)
End of year	$ 16,698	$ (3,795)	$ (9,123)

The Company is a party to an employment agreement with a senior executive officer of the Company whereby, among other things, the Company has granted the officer options to purchase 40.075 shares of the Company's $50,000 par value common stock at an option price equal to the per share book value of the Company at March 31,

1984. On each March 1 from 1986 through 1989, options to purchase 10.01875 shares become exercisable. At March 29, 1986 none of the options had been exercised. Unexercised options expire no later than February 28, 1991.

Under certain conditions the officer may elect to surrender any exercisable options to the Company in exchange for a cash payment equal to the difference between the fair market value of the shares and the option price. Under certain circumstances the options may be converted into options to purchase the equivalent percentage of the total outstanding shares of common stock of Cavenham (USA) Inc.

NOTE 11

CONTINGENCIES

The Company has been a co-defendant in numerous antitrust actions by which injunctive relief was sought on behalf of numerous producers and feeders of cattle against the Company and numerous other supermarket chains and others. All but one of these actions have since been dismissed with prejudice, and the remaining case is awaiting entry of a dismissal order by the court. Management believes that the proposed settlement of this claim will not have a material adverse effect on the financial position or results of operations of the Company.

A purported class and derivative action had been brought against the Company and certain of its parents seeking the rescission of the merger in which Cavenham (USA) acquired the remaining 19% minority interest in the Company's common stock and the recovery of unspecified damages, costs and attorneys' fees. The action has since been dismissed without prejudice as to the class defined in the complaint.

A purported class action had been pending against the Company seeking treble damages and injunctive relief alleging violations by the Company and other codefendants of the New Jersey antitrust laws in connection with the termination of the promotional offer to double the discount for manufacturers' cents-off coupons in New Jersey between September 18 and 26, 1982. The case has been voluntarily dismissed.

REPORT OF INDEPENDENT ACCOUNTANTS

Price Waterhouse

411 Hackensack Avenue
Hackensack, NJ 07601

TO THE BOARD OF DIRECTORS AND STOCKHOLDER OF THE GRAND UNION COMPANY:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and of changes in financial position present fairly the financial position of The Grand Union Company and its subsidiaries at March 29, 1986 and March 30, 1985, and the results of their operations and the changes in their financial position for each of the three years in the period ended March 29, 1986, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

May 21, 1986

SELECTED QUARTERLY DATA (UNAUDITED)

		1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
				(in thousands)		
Sales	1985	$799,413	$598,604	$611,785	$601,814	$2,611,616
	1984	780,005	583,961	586,610	578,816	2,529,392
Gross profit	1985	183,710	136,832	135,930	141,115	597,587
	1984	173,225	132,480	130,417	132,957	569,079
Net income	1985	5,890	5,279	3,386	5,938*	20,493
	1984	464	2,401	1,726	737	5,328

**Includes a pretax charge of $7,580 relating to an adjustment of a previously established store closure provision. Additionally, a reduction in the estimated effective tax rate resulted in an increase in net income of $2,275 during the fourth quarter.*

SUPPLEMENTAL INFORMATION ON INFLATION AND CHANGING PRICES

The Financial Accounting Standards Board (FASB) has issued statement No. 33, Financial Reporting and Changing Prices and its amendments in an attempt to measure the effect of inflation on business enterprises. The accompanying five-year Summary Financial Information and Statement of Income Adjusted for Changing Prices are provided to illustrate the impact of changing prices caused by a decline in the purchasing power of the dollar and changes in the current cost of specific assets.

Current cost accounting is a method of measuring and reporting assets and expenses related to the sale or use of such assets at their current cost or recoverable amount as of the balance sheet date. The current cost of Property, net was determined by applying appropriate indices to property accounts and recalculating accumulated depreciation.

Historical dollar cost of goods sold include prior year costs as a result of inventory valuation based upon the first-in first-out method. Accordingly, cost of goods sold has been adjusted to reflect current year cost.

In computing net income (loss) under the current cost method, only depreciation expense and cost of sales have been adjusted to show the effects of inflation. Other expenses reflect current year transactions and, accordingly, are recorded in dollars of current purchasing power. Total expenses restated on a current cost basis are greater than historical cost-based amounts; however, no income tax reduction has been recognized because income tax laws require deductions to be based on historical costs.

During periods of inflation, borrowers experience gains on borrowings because amounts borrowed are repaid with dollars having less purchasing power. Conversely, during periods of inflation lenders experience losses. In fiscal 1985, the Company experienced a purchasing power gain on net monetary items, indicating that monetary liabilities exceeded like assets.

The concepts and procedures established by the FASB for the preparation of these disclosures are complex and require the use of assumptions and estimates based on available information. This information therefore should be viewed only as an approximation of inflationary effects.

SUMMARY FINANCIAL INFORMATION (UNAUDITED)

FIVE YEAR INFORMATION	52 WEEKS ENDED				53 WEEKS ENDED
	MARCH 29, 1986	MARCH 30, 1985	MARCH 31, 1984	APRIL 2, 1983	APRIL 3, 1982
	(Dollars in thousands)				
HISTORICAL INFORMATION					
Sales	$2,611,616	$2,529,392	$3,438,848	$3,519,341	$4,137,447
Gross profit	597,587	569,079	713,668	778,371	902,305
Net income (loss)	20,493	5,328	(115,240)	226	24,652
Net income (loss) as a percent of sales	0.78%	0.21%	(3.35)%	nil	0.60%
Dividends	—	—	46	3,449	37,745
Working capital	69,407	82,678	51,713	96,573	119,385
Total assets	592,104	585,531	576,176	764,539	756,248
Long-term debt	47,882	68,821	74,527	111,218	113,571
Capital lease obligations	97,878	101,053	97,135	115,938	106,922
Stockholder's equity	162,963	142,470	137,142	208,479	211,734
HISTORICAL INFORMATION ADJUSTED TO AVERAGE FISCAL 1985 DOLLARS					
Current Cost Information:					
Net income (loss)	$ 11,417	$ (8,215)	$ (147,199)	$ (26,012)	$ (11,716)
Net assets at year end	195,254	183,224	185,991	300,923	321,071
Purchasing power gain on net monetary items	7,705	13,206	20,892	17,411	35,288
Excess of increase in general price level over increase in specific prices	5,565	6,226	10,241	(1,737)	3,686
Average consumer price index	324.7	313.9	301.7	291.7	277.4

STATEMENT OF INCOME ADJUSTED FOR CHANGING PRICES (UNAUDITED)

	HISTORICAL COSTS	CURRENT COSTS AVERAGE 1985 DOLLARS
	(in thousands)	
Sales	$ 2,611,616	$2,611,616
Cost of sales	(2,014,029)	(2,017,654)
Gross profit	597,587	593,962
Operating, administrative and general expense*	(543,460)	(548,911)
Interest expense	(18,203)	(18,203)
Interest and other income	2,749	2,749
Income before provision for store closure and income taxes	38,673	29,597
Provision for store closure	(7,580)	(7,580)
Income before income taxes	31,093	22,017
Income tax provision	(10,600)	(10,600)
Net income	$ 20,493	$ 11,417
Purchasing power gain on net monetary items		$ 7,705
Effect of increase in specific prices (current costs)**		6,106
Increase in general price level of inventories and property held during the year		11,671
Excess of increase in general price level over increase in specific prices		$ 5,565

** The straight line method of depreciation was used for the presentation of the effects of changing prices and is the principal method used in the primary statements. Depreciation and amortization expense, calculated using historical costs and current costs, was $34,632,000 and $40,083,000, respectively.*

*** At March 29, 1986, the current cost of inventory was $188,087,000 and the current cost of property, net of accumulated depreciation, was $323,619,000.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in millions)

OVERVIEW

The Company experienced a substantial improvement in profitability during fiscal 1985. Net income was $20.5 as compared to $5.3 in fiscal 1984 and a net loss of $115.2 in fiscal 1983. The 1985 results were especially encouraging since they included a pre-tax charge of $7.6 relating to an adjustment of the store closure reserve established in 1983 which is unrelated to the Company's ongoing operations. This adjustment became necessary in fiscal 1985 because of changes in estimates of insurance costs and occupancy costs relating to certain previously closed store and warehouse facilities.

The Company recently announced a three year $250 capital development program which will emphasize new store construction as well as the expansion of a large number of existing locations. Approximately $75 of the program is expected to be committed in fiscal 1986. This program is expected to strengthen the Company's competitive position in its existing trading areas.

A more comprehensive review of the Company's operations for the last three years and an overview of the Company's liquidity and capital resources follows.

OPERATIONS

In fiscal 1985, net income increased as a result of overall sales increases, gross margin improvements, and efficiencies achieved in operating, administrative and general expense. In fiscal 1984, the Company earned a profit after incurring a significant loss in fiscal 1983. This improvement resulted primarily from sales increases on a per store basis, margin increases in certain categories, and efficiencies in corporate overhead achieved through restructuring.

Sales trends for the past three years were:

FISCAL YEAR	Annual Sales	Increase (Decrease) From Preceding Year: Amount	Percent
1985	$2,611.6	$ 82 2	3.2 %
1984	$2,529.4	$(909.4)	(26.4) %
1983	$3,438.8	$ (80 5)	(2.3) %

The increase in sales of 3.2% during fiscal 1985 was primarily due to the effect of sales gains in existing stores and store expansions and renovations (4.9%), offset by the effects of fiscal 1984 store closures (1.7%). Sales in stores which were operated during the entire two year period increased by 4.1%.

The decrease in sales of 26.4% during fiscal 1984 was primarily due to fiscal 1983 store closures (35.5%), offset by sales increases from the increased number and continued maturation of Food Markets and to the price reduction program implemented in the second quarter of fiscal 1983 (9.1%). Sales in stores operated in both years increased by 14.0%.

The decrease in sales of 2.3% during fiscal 1983 was due primarily to the disposal of 223 stores since the end of fiscal 1982 (7.8%) offset by sales increases from an increased number of Food Markets and the price reduction program (5.5%).

As shown in the table below, gross profit as a percent of sales increased in fiscal 1985, due primarily to margin improvements in several categories. Gross profit as a percent of sales increased in fiscal 1984, as a result of closing less profitable operations and improvements in gross margins in certain categories.

FISCAL YEAR	Gross Profit	Percent of Sales
1985	$597.6	22.9%
1984	$569.1	22.5%
1983	$713.7	20.8%

The increase in gross profit dollars in fiscal 1985 resulted from a sales increase of 3.2% and gross margin improvements. The decrease in gross profit dollars in fiscal 1984 was due primarily to a decrease in sales offset by an increase in gross margin percentages.

As shown in the table below, operating, administrative and general expense as a percentage of sales decreased in fiscal 1985. The decrease resulted principally from reductions in store labor expense and advertising expense as a percent of sales. The labor expense reduction resulted from the implementation of standardized store labor hours, while the advertising reduction reflects a refinement in advertising strategy.

FISCAL YEAR	Operating, Administrative and General Expense	Percent of Sales
1985	$543 5	20.8%
1984	$544.3	21.5%
1983	$777.2	22 6%

In fiscal 1984 operating, administrative and general expense as a percent of sales decreased due to efficiencies gained through corporate restructuring and to decreases in promotional costs from that required to implement the price reduction program in fiscal 1983.

Current year results include a charge to income of $7.6 relating to an adjustment of a reserve for store closure costs originally provided in fiscal 1983 in the amount of $45.0. The adjustment became necessary in 1985 because of changes in estimates of insurance costs and occupancy costs relating to certain previously closed store and warehouse facilities. Under an agreement with Cavenham Holdings, ongoing costs relating to certain stores closed in 1981 are reimbursed to the Company and totaled $2.6 in fiscal 1985 compared to $4.3 in fiscal 1984, and $2.8 in fiscal 1983 (see Note 2 to the Consolidated Financial Statements).

During fiscal 1985 and 1984, the Company recorded income tax provisions of $10.6 and $2.3, which approximate the statutory tax rate reduced by investment tax credits,

calculated as if the Company filed a separate company income tax return. During fiscal 1983, the Company recorded an income tax benefit of $15.0. The income tax benefit for fiscal 1983 relates to credits associated with the carryback of fiscal 1983 losses.

Please refer to the Supplemental Information on Inflation and Changing Prices on page 20 regarding the effects of inflation and changing prices.

LIQUIDITY AND CAPITAL RESOURCES

Resources used to finance capital expenditures and debt retirement are shown in the table below (refer to the Consolidated Statement of Changes in Financial Position for additional information):

	FISCAL 1985	FISCAL 1984	FISCAL 1983
		(in thousands)	
Capital expenditures	$46.3	$39.1	$ 83.2
Debt retirement	8.7	22.8	73.6
	$55.0	$61.9	$156.8
Financed by:			
Operating activities	$63.8	$19.1	$ (17.3)
Property and other disposals	7.6	23.0	129.5
External financing	5.8	7.8	25.3
Issuance of common stock	–	–	45.0
Cash balance (increases) reductions	(22.2)	12.0	(25.7)
	$55.0	$61.9	$156.8

Capital expenditures increased during fiscal 1985 after significant decreases in both fiscal 1984 and fiscal 1983. The increase reflects a capital development program consistent with improved operating activities. Debt has been reduced in each of the past three years reflecting prepayment of certain amounts in 1984 and 1983 and normal maturities in 1985. Financing for capital expenditures and debt retirement in fiscal 1985 was provided by operating activities. Financing for capital expenditures and debt retirement in fiscal 1984 was provided by property disposals, operating activities, external financing and a reduction in cash balances. In fiscal 1983, such funds were provided primarily by property disposals, external financing and the issuance of capital stock.

In fiscal 1986, it is anticipated that the funds necessary for capital expenditures will be derived from operations, cash on hand, and debt financing.

The Company has lines of credit with a number of banks totalling $49.0 of which $44.0 is extended on a committed basis. These credit lines are available, if needed, principally to provide the working capital to finance seasonal inventory increases. Borrowings under these lines were not significant during fiscal 1985. Under certain of its debt covenants, Grand Union was unable to declare dividends as of March 29, 1986.

DIRECTORS

Floyd Hall
Chairman of the Board and
Chief Executive Officer

Gilberte E. Beaux
Managing Director,
Generale Occidentale

Ian M. Duncan
Chairman, President and
Chief Executive Officer,
G.O. Holdings Management Inc.

Robert Terrence Galvin
Senior Vice President,
Chief Financial Officer and Secretary

Milton Glaser
President, Milton Glaser, Inc.

James Goldsmith
Chairman and President,
Generale Occidentale

Bradley C. Johnson
Senior Vice President,
Real Estate and Development

Henry T. Johnson
Executive Vice President and
Chief Administrative Officer

William A. Louttit
Executive Vice President, Merchandising

Joseph J. McCaig
President and Chief Operating Officer

William M. Reffett
Senior Vice President, Personnel

Jivan Tabibian
Principal, Jivan Tabibian, Inc.

Jane von der Heyde
Vice President, Secretary and
General Counsel,
Cavenham Holdings Inc.

OFFICERS

Floyd Hall
Chairman of the Board and
Chief Executive Officer

Joseph J. McCaig
President and Chief Operating Officer

Henry T. Johnson
Executive Vice President and
Chief Administrative Officer

William A. Louttit
Executive Vice President, Merchandising

Robert Terrence Galvin
Senior Vice President,
Chief Financial Officer and Secretary

Bradley C. Johnson
Senior Vice President,
Real Estate and Development

William M. Reffett
Senior Vice President, Personnel

Henry S. Addison
Vice President, Carolina Region

Charles J. Barrett
Vice President, Labor Relations

Kenneth R. Baum
Vice President and Controller

Jack Calderone
Vice President, Meat Merchandising

William Hoffert
Vice President,
General Merchandise Merchandising

Roger W. Kennedy
Vice President and Treasurer

William E. Kinslow
Vice President,
Management Information Systems

Brooke D. Lennon
Vice President, Grocery Merchandising

Anthony P. Misasi
Vice President, Produce Merchandising

Robert E. Mohel
Vice President, Quality Control

Thomas C. Morrison
Vice President,
Advertising and Sales Promotion

Robert J. Saba
Vice President, Northern Region

Bryan Springthorpe
Vice President, Distribution

Darrell W. Stine
Vice President, New York Region

Craig C. Sturken
Vice President, Southern Region

Donald C. Vaillancourt
Vice President, Corporate
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